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**COUNTY OF HUMBOLDT  
SINGLE AUDIT REPORT  
JUNE 30, 2009**

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5/17/10

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# **Donald R. Reynolds**

Certified Public Accountant

## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS**

Honorable Board of Supervisors  
County of Humboldt  
Eureka, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Humboldt as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 31, 2010. These financial statements are the responsibility of the County of Humboldt's management. My responsibility was to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non Profit Organizations." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole and on the combining financial statements. The accompanying Schedule of Federal Financial Assistance is presented for the purposes of additional analysis and is not a required part of the financial statements of the County of Humboldt. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Donald R. Reynolds  
Certified Public Accountants  
March 31, 2010

1438 Oregon Street, P.O. Box 994508 Redding, CA 96099-4508 (530) 246-2834 fax (530) 244-0331

# **Donald R. Reynolds**

Certified Public Accountant

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors and Grand Jury  
County of Humboldt  
Eureka, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County Of Humboldt, Eureka, California, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued my report thereon dated March 31, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the County Of Humboldt, Eureka, California's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report, financial data reliably in accordance with generally accepted accounting principles such that there is more than a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

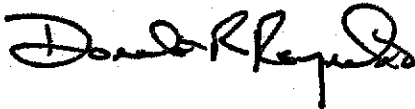
A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the County's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance

As part of obtaining reasonable assurance about whether the County Of Humboldt, Eureka, California's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance that I have reported to management of the County Of Humboldt, Eureka, California in a separate letter dated March 31, 2010.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Donald R. Reynolds  
Certified Public Accountant  
March 31, 2010

# Donald R. Reynolds

Certified Public Accountant

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Supervisors and Grand Jury  
County of Humboldt  
Eureka, California

### Compliance

I have audited the compliance of the County of Humboldt, Eureka, California, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. The County of Humboldt, Eureka, California's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County of Humboldt, Eureka, California's management. My responsibility is to express an opinion on the County of Humboldt, Eureka, California's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and "OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Humboldt, Eureka, California's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the County of Humboldt, Eureka, California's compliance with those requirements.

In my opinion, the County of Humboldt, Eureka, California complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009

### Internal Control Over Compliance

The management of the County of Humboldt, Eureka, California is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants

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applicable to federal programs. In planning and performing my audit, I considered the County of Humboldt, Eureka, California's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might significant deficiencies or material weaknesses as defined below.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I noted no items that I believe to be a significant deficiency.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. I noted no matters involving the internal control over compliance and its operations that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Donald R. Reynolds  
Certified Public Accountant  
March 31, 2010

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Campground Patrol	10.664	06-LE-11051360	\$ 2,116
Drug Enforcement on Forest Service Land	10.664	06-LE-11051350	\$ 23,000
Natural Resource Conservation Service			1,197,691
Subtotal			<u>1,222,807</u>
Passed through State Department of Social Services:			
Food Stamps	10.551	**	13,195,457
State Administrative Matching Grants for Food Stamps Program	10.561	**	1,559,791
Subtotal			<u>14,755,248</u>
Passed through State Department of Education			
National School Lunch Program	10.555		69,263
Subtotal			<u>69,263</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	**	829,853
Subtotal			<u>829,853</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	**	1,093,517
Subtotal			<u>1,093,517</u>
Total U.S. Department of Agriculture			<u>17,970,688</u>
<u>U.S. Department of Commerce</u>			
Direct Program:			
Economic Adjustment Assistance	11.307	**	65,942
Total U.S. Department of Commerce			<u>65,942</u>



**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing & Community Development:			
Community Development Block Grant/State's Program	14.228*	06-EDBG-2507	743
	14.228*	06-EDBG-2508	60,222
	14.228*	06-STBG-2501	20,208
	14.228*	07-PTAE-3343	25,117
	14.228*	07-EDEF-3763	101,097
	14.228*	08-STBG-5282	332,651
	14.228*	08-STBG-5717	360
	14.228*	05-EDBG-1963	14,332
Home Investment Program	14.239*	07-HOME-3079	112,544
	14.239*	08-HOME-5002	112,544
Total U.S. Department of Housing & Urban Development			<u>779,818</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Payment in Lieu of Taxes	15.226	**	<u>60,692</u>
Total U.S. Department of Interior			<u>60,692</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Marijuana Eradication DEA	15.579		161,303
Grants to Encourage Arrests	16.588	2005WEAX0067	175,160
Drug Court - Local Law Enforcement Block Grant	16.592		<u>4,882</u>
Subtotal			<u>341,345</u>
Pass through State Office of Emergency Services:			
Marijuana Suppression	16.738	2008-23	<u>195,000</u>
Subtotal			<u>195,000</u>
Total U.S. Department of Justice			<u>536,345</u>

\* Major Program

\*\* See Note 4

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Labor</u>			
Passed through State Employment Development Department:			
WIA Adult Program	17.258	R9 201	75,705
	17.258	R9 202	69,292
	17.258	R8 202	53,222
WIA Title I Youth	17.259	R8 302	233,386
	17.259	R9 301	63,147
WIA Dislocated Workers	17.260	R9 501	113,782
WIA Rapid Response	17.260	R9 502	70,826
WIA Nurse Workforce Initiative	17.260	R8 502	61,009
WIA Newcomers Discretionary	17.260	R9 540	64,960
Rapid Response: Veterans	17.260	R8 507	99,021
Rapid Response: Timber Industry Assistance	17.260	R8 527	244,064
WIA Navigator	17.261	R8 739	22,982
Nurse Workforce Initiative	17.267	R8 693	35,686
Community Based Job Training	17.269		1,923
Total U.S. Department of Labor			<u>1,209,005</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106*	**	2,496,876
Passed through State Department of Transportation			
Highway Planning and Construction	20.205*	**	3,368,109
Passed through the State Office of Traffic Safety			
Youth Driving Program	20.600	**	<u>114,221</u>
Total U.S. Department of Transportation			<u>5,979,206</u>

\* Major Program

\*\* See Note 4

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Institute of Museum and Library Services</u>			
Direct Program:			
National Leadership Grant	45.312	AL-00-07-0001-0	10,000
Passed through California State Library			
Public Library Staff Education Program	45.310	40-7044	<u>3,960</u>
Total Institute of Museum and Library Services			<u>13,960</u>
<u>Environmental Protection Agency</u>			
Direct Programs:			
Brownfield Assessment Grant	66.818	BF-9631601	8,070
Brownfield Assessment Grant	66.818	BF-9698701	<u>9,521</u>
Subtotal			<u>17,591</u>
Pass through State Water Resources Control Board			
Health Local Oversight Program	60.805	**	<u>314,831</u>
Total Environmental Protection Agency			<u>332,422</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Health Services			
TB Prevention/Housing	93.116	**	12,524
Bioterrorism Preparedness	93.283	**	716,182
In-Home Supportive Services	93.667	**	170,514
Medical Assistance Program	93.778	**	6,186,027
HIV Care Formula Grants	91.917	**	2,340
Preventive Health and Health Services Block Grant	93.991	**	160,058
Maternal and Child Health Services Block Grant to States	93.994*	**	449,241
Childhood Disability Program	93.994*	**	3
Healthy Families	93.994*	**	70,181
California Children's Services	93.994*	**	<u>779,085</u>
Subtotal			<u>8,546,155</u>

\* Major Program

\*\* See Note 4

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
Passed through State Department of Mental Health Services			
Block Grant for Community Mental Health Services	93.958	**	458,522
McKinney Grant (PATH)	93.150	**	38,888
Block Grant for Prevention and Treatment of Substance Abuse	93.959	**	1,007,687
Subtotal			<u>1,505,097</u>
Passed through State Department of Child Support Services			
Child Support Enforcement	93.563*	ARRA	466,631
Child Support Enforcement	93.563*	**	4,471,293
Subtotal			<u>4,937,924</u>
Passed through State Department of Social Services			
Temporary Assistance for needy Families	93.558	**	16,332,418
Temporary Assistance for needy Families - Incentives	93.558	**	5,490
Child Welfare Services - State Grants	93.645	**	137,694
Foster Care - Title IV-E	93.658	**	4,233,420
Adoption Assistance	93.659	**	2,942,640
Promotion Safe and Stable Families	93.556	**	85,697
Chafee Foster Care Independent Living	93.674	**	102,797
Subtotal			<u>23,840,156</u>
Total Department of Health and Human Services			<u>38,829,332</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Office of Homeland Security			
Transportation Security Administration	97.001	**	219,320
Homeland Security Grant	97.073	**	357,368
Subtotal			<u>576,688</u>
Passed through State Office of Emergency Services			
Public Assistance Grants	97.036	FEMA-1628-CA	713,968
Emergency Management Performance Grant	97.042	**	95,627
Subtotal			<u>809,595</u>
Total U.S. Department of Homeland Security			<u>1,386,283</u>
Total Expenditure of Federal Awards			<u>\$ 67,163,693</u>

\* Major Program

\*\* See Note 4

**COUNTY OF HUMBOLDT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**Note 1: General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Humboldt. The County of Humboldt reporting entity is defined in Note 1 to the County's basic financial statements. All Federal awards received from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**Note 2: Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements. Sources of information for preparation of the Schedule of Expenditures of Federal Awards varies, depending on the accounting practices and reporting requirements of the departments implementing the program

**Note 3: Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

**Note 4: Pass-Through Contract Numbers**

Certain federal contracts provided directly or passed through various State and other agencies were unable to supply direct or pass-through contract numbers.

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**Section 1**

**Financial Statements**

- a.) Type of auditor's report issued on financial statements
- b.) Internal control over financial reporting:  
 Material weaknesses identified:  
 Significant Deficiencies identified that  
 are not considered to be material weaknesses:
- c.) Noncompliance which is material to the financial  
 statements:

**Federal Awards**

- d.) Internal control over major programs:  
 Material weaknesses identified:  
 Significant Deficiencies identified that are not  
 considered to be material weaknesses:
- e.) Type of auditors' report issued on compliance for  
 major programs:
- f.) Any audit findings which are required to be reported  
 under Section .510(a) of OMB Circular A-133:
- g.) The dollar threshold used to distinguish between  
 Type "A" and Type "B" programs was
- h.) Program identified as a major program

**CFDA Number**

14.228  
 14.239  
 20.106  
 20.205  
 93.994  
 93.563

**Name of Federal Program**

Community Development Block Grants  
 Home Investment Partnership Program  
 Airport Improvement program  
 Highway Planning and Construction  
 Maternal and Child Health  
 Child Supportive Enforcement

11  
 No  
 Bz  
 5 months  
 BL  
 RISECT

**Yes**

**\$2,014,911**

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section 1 (Continued)**

- i.) Auditee did not qualify as a low risk auditee under Section  
0.530 of OMB Circular A-133:

No

**Section 2**

**Financial Statement Findings**

None reported

**Section 3**

**Federal Award Findings and Questioned Costs**

None reported

**COUNTY OF HUMBOLDT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

dit Reference

Number

Status of Prior Year Audit Findings

**2008-1**

In our test work on loans receivable we noted:

- A) The County had not correctly recorded any loans to homeowners and developers for home improvements and low income rentals in the CDBG, CalHOME and Home Programs. The loans totaled \$11,146,654 at June 30, 2008.
- B) The County did not correctly record any accrued interest on loans to homeowners and developers. The accrued interest was \$475,735 at June 30, 2008.

**Status**

As a result of the annual audit, the County has recorded the loans and accrued interest correctly.

**2008-2**

During our audit we noted that the County failed to monitor an agency under contract that distribute County loans to homeowners and collect payments from these same loans. The agency did not adequately report loans and collections to the County as required under a contract. This problem has been on-going for the past two years and the County has taken no steps to require the agency to perform under the contract. The County does not have the ability to determine if loans are being distributed by the agency on a timely basis nor that collections are being remitted to the County on a timely basis.

**Status**

The County now reports loans correctly.



**AVIATION PASSENGER FACILITIES CHARGES**

# **Donald R. Reynolds**

Certified Public Accountant

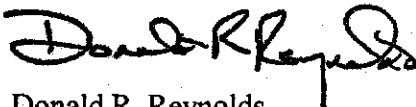
## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - PASSENGER FACILITY CHARGES**

Board of Supervisors and Grand Jury  
County of Humboldt  
Eureka, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued my report thereon dated March 31, 2010. The report on governmental activities was qualified because capital asset balances, exclusive of infrastructure, of the governmental funds of the County have not been audited. The financial statements are the responsibility of the County of Humboldt's management. My responsibility is to express an opinion on those basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States and Federal Aviation Administration Advisory Circulars for PFC Projects. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of the County of Humboldt taken as a whole. The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance - Passenger Facility Charges is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Donald R. Reynolds  
Certified Public Accountant  
March 31, 2010

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON PROCEDURES PERFORMED PURSUANT TO FEDERAL AVIATION  
ADMINISTRATION REGULATIONS (TITLE 14, CODE OF FEDERAL  
REGULATIONS, PART 158)**

Board of Supervisors and Grand Jury  
County of Humboldt  
Eureka, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued my report thereon dated March 31, 2010. The report on governmental activities was qualified because capital asset balances, exclusive of infrastructure, of the governmental funds of the County have not been audited. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

The management of the County of Humboldt is responsible for the County's compliance with laws and regulations. In connection with the audit referred to above, I applied the procedures enumerated below to the Statement of Revenues, Expenditures and Changes in Fund Balance - Passenger Facility Charges of the County of Humboldt for the year ended June 30, 2009. These procedures, which were agreed to by the County of Humboldt were performed solely for the purpose of meeting your contractual obligation with the Department of Transportation, Federal Aviation Administration. I applied the procedures enumerated below in accordance with Federal Aviation administration regulations (Title 14, Code of Federal Regulation, Part 158)

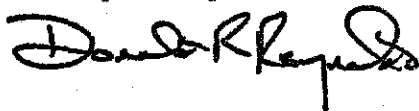
1. I examined the revenue received by collecting carriers and determined if those funds are being properly deposited into a separate interest bearing account.

2. I examined and verified that interest earned on such revenue, the amounts used on each project and the amount reserved for currently approved projects.
3. I examined the expenditures to ensure they are only for aviation capital projects.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the County of Humboldt's Statement of Revenues, Expenditures and Changes in Fund Balance - Passenger Facility Charges. Accordingly, I do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to my attention that caused me to believe that the County of Humboldt was not in compliance with the control procedures specified in the Federal Aviation Administration Regulation (Title 14, Code of Federal Regulations, Part 158). Had I performed additional procedures or had I performed an audit of the County's Statement of Revenues, Expenditures and Changes in Fund Balance - Passenger Facility Charges matters might have come to my attention that would have been reported to you.

This report is intended for the information of management and various county, state and federal regulatory agencies and is not intended to be, and should not be, used by anyone but these specified parties.



Donald R. Reynolds  
Certified Public Accountant  
March 31, 2010

**COUNTY OF HUMBOLDT**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - PASSENGER FACILITY CHARGES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Revenues:

Passenger Facility Charges (3987,3988,3989,3991,3992,3993)	\$ 405,340.29
Interest	<u>11,924.88</u>
Total Revenues	<u>417,265.17</u>

Expenditures:

Contributions to other funds for Aviation Capital Projects	<u>338,198.71</u>
Total Expenditures	<u>338,198.71</u>
Excess of Revenues Over (Under) Expenditures	79,066.46
Fund Balance at Beginning of Year	<u>260,138.46</u>
Fund Balance at End of Year	<u><u>\$ 339,204.92</u></u>